

**ATTACHMENT C**  
**GOVERNMENT CODE SECTION 12725-12790**  
**SB 330**  
**CALIFORNIA COMMUNITY SERVICES BLOCK GRANT**  
**PROGRAM**

# GOVERNMENT CODE

## SECTION 12725-12729

12725. This chapter may be cited as the California Community Services Block Grant Program.

12726. (a) The purpose of this chapter is to provide authorization for the Governor of the State of California to assume responsibility for the Community Services Block Grant (Subtitle B, Title VI, Public Law 97-35, as amended), and to further provide for the state to implement this block grant in conformity with the principles, purposes, and policies of the California Community Services Block Grant Program set forth herein.

(b) The Legislature intends that the California Community Services Block Grant Program shall be governed by the principle of community self-help, thereby promoting new economic opportunities for Californians living in poverty through well planned, broadly based and locally controlled programs of community action.

12727. All activities of the California Community Services Block Grant Program state and local grantees shall have the following basic and specific purposes:

(a) The basic purpose of this chapter is to stimulate an effective concentration of all available local, state, private, and federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, in rural and urban areas to attain the skills, knowledge, and motivations and to secure the opportunities needed for them to become fully self-sufficient.

(b) The specific purposes of this chapter are to promote, as methods of achieving an effective concentration of resources on the goal of individual and family self-sufficiency, the following:

(1) The strengthening of community capabilities for planning and coordinating federal, state, private, and other assistance related to the elimination of poverty, so that this assistance, through the efforts of local officials, organizations, and interested and affected citizens, can be made more responsive to local needs and conditions.

(2) The coherent organization of a range of services related to the needs of the poor, so that these services may be made more effective and efficient in helping families and individuals to overcome poverty-related problems in a way that takes into account, and supports, their progress in overcoming identified causes of poverty.

(3) The implementation, subject to adequate evaluation, of new types of services and innovative approaches toward eliminating causes of poverty, so as to develop increasingly effective methods of employing available resources.

(4) Maximum feasible participation of members of the groups and residents of the low-income areas to be served by programs and projects in the development and implementation of those programs and projects, in order to assure that all programs and projects are meaningful to, and widely utilized by, their intended beneficiaries.

(5) The broadening of the resource base directed towards the elimination of poverty, so as to secure, in addition to the services and assistance of public officials, private religious, charitable,

and neighborhood organizations, and individual citizens, a more active role for business, labor, and professional groups able to provide employment opportunities or otherwise influence the quantity and quality of services of concern to the poor.

(c) It is the finding of the Legislature that these state purposes and the intent of the federal Community Services Block Grant will best be served by enacting the program policies and requirements contained in this chapter.

12728. Notwithstanding any other provision of law, the provisions of this chapter shall supersede and prevail over any provisions of law relating to or in any way dealing with the subject matter of this chapter or federal economic opportunity programs which were repealed by federal Public Law 97-35, as amended.

12729. If any provision of this chapter or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

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# GOVERNMENT CODE

## SECTION 12730

12730. For the purposes of this chapter:

(a) "Director" means the Director of the Department of Economic Opportunity.

(b) "Delegate agency" means a private nonprofit organization or public agency which operates one or more projects funded under this chapter pursuant to a contractual agreement with an eligible grantee.

(c) "Department" means the Department of Economic Opportunity as constituted pursuant to Article 8 (commencing with Section 12085) of Chapter 1.

(d) "Designation" means the formal selection of a proposed community action agency by a political subdivision or the director, as provided in Section 12750. 1.

(e) "Eligible entity" means an agency or organization as defined in Public Law 97-35, as amended.

(f) "Eligible beneficiaries" means all of the following:

(1) All individuals living in households whose income is at or below the official poverty line as defined by the United States Office of Management and Budget.

(2) All individuals eligible to receive aid to families with dependent children (Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code) or federal supplemental security income benefits (Title XVI, Social Security Act).

(3) Residents of a target area or members of a target group having a measurably high incidence of poverty and which is the specific focus of a project financed under this chapter.

(g) "Financial assistance" means money provided to a grantee or contractor, pursuant to an approved contract agreement, in order to enable the grantee or contractor to accomplish its planned and approved work program.

(h) "Political subdivision" shall generally be deemed to mean county government, with the following exceptions:

(1) In any county which prior to October 1, 1981, had more than one designated community action agency, each unit of local government which contained a designated community action agency shall continue to operate as a "political subdivision" under this chapter.

(2) Any county having fewer than 50,000 population according to the 1980 census may be deemed by the department to be part of a larger "political subdivision" comprising two or more counties if the department determines that to do so would but serve the purposes of this chapter, and may participate in the designation process for a multicounty community action agency.

(i) "Recognition" means approval by the department of a community action agency to serve a particular community, such recognition to follow designation of that agency by one or more political subdivisions.

(j) "Secretary" means the Secretary of the United States Department of Health and Human Services.

(k) "Special consideration," pursuant to the requirements of Section 675 (c) (4) of Public Law 97-35, as amended, means all of the following:

(1) That no new or repeated designation shall be required of any political subdivision which had a designated community action agency on August 13, 1981.

(2) That no community action agency shall be determined to be out

of compliance with program or fiscal requirements established by the state until such requirements are published for review and comment and until, in the case of requirements differing from those of the now defunct federal Community Services Administration, community action agencies are afforded a reasonable opportunity to comply therewith.

(l) "Standards of effectiveness" are the general standards, derived from the purposes of this chapter, toward which all programs and projects funded under this chapter shall be directed and against which they will be assessed.

(m) "Statement of grant action" means the written document incorporating the terms and conditions under which the department agrees to provide financial assistance to a grantee. Upon its cosigning by authorized agents of the department and the grantee, and subsequent approval by the Department of General Services pursuant to Section 14780, a statement of grant action shall be deemed to constitute a valid, enforceable contract.

(n) "State plan" means the plan required to be submitted annually to the secretary to secure California's allotment of Community Services Block Grant funds, which shall be prepared and reviewed pursuant to the requirements of this chapter.

(o) "Uncapped area" means any county or portion thereof for which no community action agency has been designated and recognized.

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# GOVERNMENT CODE

## SECTION 12735-12738

12735. (a) On or before September 15 of each year, the Governor shall submit an application containing the assurances and certification required under Section 12736 to the secretary in such form as the secretary may require pursuant to Section 674 of federal Public Law 97-35, as amended.

(b) Since under the terms of federal Public Law 97-35, as amended, the secretary may not prescribe the manner in which states shall comply with the provisions set forth in subdivision (a), it is the intent of the Legislature that California's manner of compliance shall be controlled in the first instance by this chapter, and further by the annual state plan and such regulations as may be promulgated by the department, pursuant to the Administrative Procedure Act.

(c) The state administering agency for the California Community Services Block Grant Program shall be the Department of Economic Opportunity.

12736. For the purposes of Section 12735, the application shall contain assurance and certification that the state shall comply with all of the items listed below. The application shall include information as to how each assurance will be carried out.

(a) Conduct legislative hearings on the proposed use and distribution of Community Services Block Grant funds prior to the submission of each application.

(b) Use Community Services Block Grant funds as provided in Section 12745.

(c) Use not less than 90 percent of the Community Services Block Grant funds allotted to the state to make grants to agencies which meet the provisions of Public Law 97-35, as amended.

(d) Expend not more than 5 percent of the state's allotment for administrative costs at the state level.

(e) Assure that any community action agency or migrant and seasonal farmworker organization which received funding in the previous fiscal year under this chapter shall not have its present or future funding terminated pursuant to this chapter unless, after notice and opportunity for hearing on the record, the department determines that cause existed for such termination, subject to review by the secretary as provided in Section 676A of Public Law 97-35, as amended.

(f) Give special consideration in the designation of local community action agencies to any community action agency which was receiving funds under any federal antipoverty program on the date of the enactment of federal Public Law 97-35, except that the state shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the state. If there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, the state shall give special consideration in the designation of community action agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds in the fiscal year preceding the fiscal year for which the determination is made.

(g) Decline to avail itself of permission to transfer Community Services Block Grant funds, not to exceed 5 percent of the state's allotment, to other specified programs.

(h) Prohibit any political activities in accordance with Section 675(e) of federal Public Law 97-35, as amended.

(i) Prohibit any activities to provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration activity.

(j) Provide for coordination between antipoverty programs in each community, where appropriate, with emergency energy crisis intervention programs under Title XXVI of federal Public Law 97-35, as amended, (relating to low-income home energy assistance) conducted in such community.

(k) Provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for federal funds paid to the state under this chapter, including procedures for monitoring the assistance provided under this chapter, and provide that at least every year the state shall prepare, in accordance with Public Law 98-502 (Single Audit Act of 1984), an audit of expenditures under this chapter of amounts received under the Community Services Block Grant and amounts transferred to carry out the purposes of the Community Services Block Grant.

(l) Permit and cooperate with federal investigations undertaken in accordance with Public Law 97-35, as amended.

12738. The Department of Economic Opportunity may make grants and enter into contracts as necessary and appropriate to carry out its responsibilities under this chapter.

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# GOVERNMENT CODE

## SECTION 12740-12742

12740. Each year, the department shall prepare an annual state plan for the California Community Services Block Grant Program which shall include all of the following:

- (a) A statement of goals and objectives.
- (b) Information on the types of activities to be supported, geographic areas to be served, and categories or characteristics of individuals to be served.
- (c) The criteria and method established for the distribution of funds, including details on how the distribution of funds will be targeted on the basis of need.
- (d) A description of how the state plan for the previous program year has met the goals, objectives and needs identified in the prior year's annual state plan through the use of funds in that program year.
- (e) A description of the process by which the annual state plan has been developed, distributed and reviewed by both the general public, groups and individuals with an interest in the state's Community Services Block Grant Program, and the Legislature.
- (f) An explanation of how critical comment was received, reviewed and either incorporated or rejected by the department prior to final submission of the annual state plan.
- (g) The department's most current information regarding the projected federal Community Services Block Grant allocation to the state.
- (h) A report of current and planned expenditures of discretionary funds.

12741. The state's planning process shall include the following:

- (a) The state plan shall identify eligible activities and the eligible entities which will conduct those activities in order to meet the general goals of the California Community Services Block Grant Program and the specific goals of the program. The plan shall, particularly with respect to subdivision (d) of Section 12740, reflect the aggregate of community action plans in order to fairly represent the most essential characteristic of the California Community Services Block Grant Program, which is its adherence to the principle of community self-help.
- (b) The appropriate policy committee of the Assembly or the Senate, or both shall conduct one or more public hearings on the proposed use and distribution of funds provided under the California Community Services Block Grant Program. Prior to the hearing, the department shall forward to the policy committees a list of the activities it has identified as statewide priorities pursuant to subdivision (e) of Section 12745, in order to notify the Legislature and the public of the issues to be addressed by the department at each hearing. The chairs of the policy committees may request additional issues to be reported on by the department. The hearings shall be conducted in such a manner as to satisfy the legislative hearing requirement of federal Public Law 97-35, as amended, and to give the Legislature an opportunity to certify that the state plan conforms to the requirements of this chapter. At the discretion of the respective chairs, the policy committees may hold a single or joint hearing, or both to satisfy the requirements of this section.
- (c) The department shall make adjustments to the state plan as a result of public comments presented at the legislative hearing as well as written comments which are submitted to the department. The



department shall identify all testimony presented by the poor, and shall state whether the concerns expressed therein have been included in the plan. If any of those concerns have not been included in the plan the department shall specify in the plan the reasons for the rejection of those concerns. Concerns shall only be rejected if there is good cause for the rejection.

(d) The committees conducting the hearings pursuant to subdivision (b) shall determine whether the concerns of the poor have been included in the state plan, as adjusted, or rejected for good cause. Before the final state plan is submitted to the secretary, the chairs of the committees conducting hearings shall certify that the state plan conforms with the requirements of this chapter.

(e) Upon receiving the certification required in subdivision (d), the department shall submit the final state plan, as required by Section 9908 of Title 42 of the United States Code, as amended, to the secretary, and shall provide a copy to all grantees and state legislators no more than one week thereafter.

12742. The annual state plan may be amended by the department at any time during the program year, provided that any proposed amendments, together with the reasons therefor, are distributed to all grantees and state legislators for a 30-day comment period commencing at least 45 days prior to their planned date of submission to the secretary.

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# GOVERNMENT CODE

## SECTION 12745-12747

12745. (a) Eligible activities for which financial assistance may be obtained pursuant to this chapter shall be designed to have a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem. These activities shall be designed to assist low-income participants to do all the following:

- (1) Secure and retain meaningful employment.
- (2) Attain an adequate education.
- (3) Make better use of available income.
- (4) Obtain and maintain adequate housing and suitable living environment.
- (5) Obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing and employment-related assistance.
- (6) Remove obstacles and solve problems which block the achievement of self-sufficiency.
- (7) Achieve greater participation in the affairs of the community.
- (8) Make more effective use of other programs related to the purposes of this chapter.

(b) Additionally, activities shall be designed to do all of the following:

- (1) Provide on an emergency basis for the provision of the supplies and services, nutritious foodstuffs, and related services, as may be necessary to counteract conditions of starvation and malnutrition among the poor.
- (2) Coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals.
- (3) Encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community.

(c) Each eligible entity shall, through the local planning process, select and propose for funding the programs or projects which, in its judgment, will produce the maximum impact on its community.

(d) Entities eligible for funding under Article 9 (commencing with Section 12775) are limited purpose agencies which need not respond to the broad range of eligible activities but may provide specialized training, technical assistance and support services to enhance the effectiveness of community action programs, migrant and seasonal farmworker programs, and American Indian programs.

(e) The department may prescribe statewide priorities among eligible activities or strategies which shall be considered and addressed in the local planning process and described in the local plan submitted to the state. Each local grantee shall be authorized to set its own program priorities in conformance to its own determination of local needs.

(f) If no other entity in the community provides those services, grantees under Article 6 (commencing with Section 12750), Article 7 (commencing with Section 12765), or Article 8 (commencing with Section 12770) shall provide a minimum level of services to help the poor receive the benefits for which they are eligible under health, food, income, and housing assistance programs designed to meet the basic survival needs of the poor. These services shall include, but shall not be limited to, all of the following:

- (1) A service to help the poor complete the various required

application forms, and, when necessary and possible, to help them gather verification of the contents of completed applications.

(2) A service to explain program requirements and client responsibilities in programs serving the poor.

(3) A service to provide transportation, when necessary and possible.

(4) A service which does all things necessary to make the programs accessible to the poor, so that they may become self-sufficient.

(g) Standards of effectiveness to be addressed in setting goals and assessing accomplishments are:

(1) Strengthened community capabilities for planning and coordinating so as to insure that available assistance related to the elimination of poverty can be more responsive to local needs and conditions.

(2) Better organization of services related to the needs of the poor.

(3) Maximum feasible participation of the poor in the development and implementation of all programs and projects designed to serve the poor.

(4) Broadened resource base of programs directed to the elimination of poverty so as to include all elements of the community able to influence the quality and quantity of services to the poor.

(5) Greater use of new types of services and innovative approaches in attacking causes of poverty, so as to develop increasingly effective methods of employing available resources.

(6) Maximum employment opportunity, including opportunity for further occupational training and career development for residents of the area and members of the groups served.

12747. (a) Local plans shall be developed each year by eligible entities using processes which assess poverty-related needs, available resources, and feasible goals and strategies, and which yield program priorities consistent with standards of effectiveness established for this program. Local plans shall identify eligible activities to be funded in the program service areas and the needs which each activity is designed to meet. Local plans shall provide for the contingency of reduced federal funding.

(b) All eligible entities shall submit their grant applications, including local plan and report of the public hearing, if required, to the department no later than June 30 of each year.

(c) Each eligible entity not serving a statewide area shall conduct a local public hearing for the purpose of reviewing the local plans of all eligible entities located or operating within a political subdivision served or proposed to be served pursuant to this chapter.

(d) Agencies holding hearings pursuant to this article shall identify all testimony presented by the poor, and shall determine whether the concerns expressed by that testimony have been addressed in the plan. If the agency determines that any of these concerns have not been included in the plan, it shall specify in its response to the plan information about those concerns and comment as to their validity.

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# GOVERNMENT CODE

## SECTION 12750-12763

12750. (a) A community action agency shall be a public or private nonprofit agency which fulfills all of the following requirements:

(1) Has been designated by a political subdivision or combination of political subdivisions to operate a community action program.

(2) Has a tripartite board structure meeting the requirements of Section 12751.

(3) Has the power, authority, and capability to plan, conduct, administer, and evaluate a community action program, including the power to enter into contracts with other public and private nonprofit agencies and organizations to assist in fulfilling the purposes of this chapter.

(4) Is recognized by the department as a community action agency.

(b) A community action program is a locally planned and operated program comprising a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem.

(c) Component services and activities of a community action program may be administered directly by the community action agency, or by other agencies pursuant to delegation agreements. They may be projects eligible for assistance under this chapter, or projects assisted from other public or private sources, and they may be either specially designed to meet local needs, or designed pursuant to the eligibility standards of the state or federal program providing assistance to a particular kind of activity which will help in meeting those needs.

(d) For the purpose of this chapter, a community may be a city, county, multicounty or multicounty unit, which provides a suitable organizational base and possesses the commonality of interest needed for a community action program.

12750.1. (a) No new community action agency may be designated by a political subdivision which is served by an existing community action agency unless any of the following exist:

(1) The political subdivision is informed in writing by the director that the designated community action agency has failed to comply, after having a reasonable opportunity to do so, with the requirements of this chapter.

(2) The political subdivision is informed by its designated community action agency that because of changes in assistance furnished to programs to economically disadvantaged persons it can no longer operate a satisfactory community action program.

(3) The political subdivision is petitioned by significant numbers of eligible beneficiaries to reconsider its existing designation and, based on that reconsideration, determines to designate an alternate community action agency.

(b) In the event that the designation of an existing community action agency is revoked, the political subdivision shall have a period of 90 days after the effective date of the revocation to designate a new community action agency. If the political subdivision fails to designate a new community action agency within that period, the director may designate a new community action agency.

(c) New community action agency designations may be made by

political subdivisions or combinations of political subdivisions in uncapped areas provided that the community to be served has a population of at least 50,000 as determined by the Bureau of Census from the most recent available census or survey. The director may waive the general requirement that the community to be served have a population of at least 50,000 in those instances where no practical grouping of contiguous political subdivisions can be made in order to meet that requirement.

(d) A private nonprofit agency which serves an uncapped political subdivision or combination of political subdivisions having more than 50,000 population where the political subdivision or subdivisions have refused to designate a community action agency, shall be entitled to petition the office for state designation as a community action agency, provided it has a governing board meeting community action agency requirements and has the capability to plan, conduct, administer, and evaluate a community action program.

(e) The process for designation and recognition of a new or alternate community action agency shall include all of the following:

(1) Notice of intent to designate.

(2) Public hearings.

(3) Legislative passage of an act, ordinance, or resolution of designation by the governing officials of the political subdivision or subdivisions.

(4) Submission to the department of an application for recognition.

(5) Review of application.

(6) Granting of recognition.

12750.2. For purposes of serving any area of the state in which community action programs cease to be provided, the director shall designate an organization in accordance with Section 673(1) of Public Law 97-35, as amended.

12751. Each community action agency shall have a board of directors conforming to the following requirements:

(a) One-third of the members of the board are elected public officials, currently holding office, or their representatives, except that if the number of elected officials reasonably available and willing to serve is less than one-third of the membership of the board, membership on the board of appointive public officials may be counted in meeting this requirement.

(b) At least one-third of the members are persons chosen in accordance with democratic selection procedures outlined in regulations promulgated by the department to assure that the members represent the poor in the area served.

(c) The remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community.

12752. The powers of the tripartite governing board of the nonprofit community action agency shall include the power to appoint the executive director, to determine major personnel, fiscal, and program policies, to approve overall program plans and priorities, and to assure compliance with conditions of and approve proposals for financial assistance under this chapter.

12752.1. (a) If a political subdivision or local government establishes itself as a community action agency, it shall do all of the following:

(1) Establish a tripartite board to provide input to the political subdivision or local government regarding the activities of the community action agency.

(2) Share with its tripartite board the determination of the community action agency's program plans and priorities.

(3) Provide for the participation of the administering board in the selection of the executive director of the community action agency, unless prohibited by local law, city charter, or civil service procedure.

(b) The political subdivision or local government may, consistent with general and local law, delegate any or all of the following powers to the administering board:

(1) To determine its own rules and procedures and to select its own officers and executive committee.

(2) To determine, subject to the ratification of designating officials, the community action agency's major personnel, organizational, fiscal, and program policies.

(3) To approve, subject to the ratification of designating officials, all program proposals, budgets and delegate agency agreements.

(4) To oversee the extent and the quality of the participation of the poor in the programs of the community action agency.

12753. (a) The board of directors of each community action agency shall adopt procedures to provide a continuing and effective mechanism for securing broad community involvement in programs assisted under this act and that all groups or elements represented on those boards have a full and fair opportunity to participate in decisions affecting those programs.

(b) Community action agencies shall establish procedures under which community agencies and representative groups of the poor which feel themselves inadequately represented on the community administering board or governing board may petition for adequate representation.

12754. In exercising its powers and carrying out its overall responsibility for a community action program, a community action agency shall have, subject to the purposes of this chapter, at least the following functions:

(a) Planning systematically for and evaluating the program, including actions to develop information as to the problems and causes of poverty in the community, determine how much and how effectively assistance is being provided to deal with those problems and causes, and establish priorities among projects, activities, and areas as need for the best and most efficient use of resources.

(b) Encouraging agencies engaged in activities related to the community action program to plan for, secure, and administer assistance available under this chapter or from other sources on a common or cooperative basis; providing planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertaking actions to improve existing efforts to overcome poverty.

(c) Initiating and sponsoring projects responsive to needs of the poor which are not otherwise being met.

(d) Establishing effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting their interests, providing for their regular

participation in the implementation of those programs, and providing technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources.

(e) Joining with and encouraging business, labor, and other private groups and organizations to undertake, together with public officials and agencies, activities, in support of the community action program which will result in the additional use of private resources and capabilities, with a view to such things as developing new employment opportunities, stimulating investment that will have a measurable impact in reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

12756. Every community action agency has a fundamental responsibility to encourage, assist, and strengthen the ability of the poor in the areas served by the community action agency to play major roles in the organization; program planning; goal setting; determination of priorities; decisions concerning budgeting and financial management; key decisions concerning hiring of personnel, selection criteria, personnel policies, and career development programs; and evaluation of programs affecting their lives. The fundamental responsibility of the community action agency includes:

(a) Seeking and bringing about ways to improve its own effectiveness as a channel through which the poor, local government and private groups can communicate, plan and act together in partnership. In such a partnership, the poor shall have a strong voice or role, both directly and through representatives whom they have chosen.

(b) Providing the representatives of the poor serving on the board of directors of the community action agency with the tools and the support, including guidance, training, and staff assistance, which will permit them to participate meaningfully in the affairs of the community action agency, and in all of its programs and delegate agencies.

(c) Encouraging the development of effective local organizations established and controlled by residents of poverty neighborhoods and areas. Community action agencies are expected to provide training, technical assistance, and staff resources to enable the poor to develop, administer, and participate effectively in local area programs and to enter into the broader community discussion of poverty problems and solutions.

(d) Providing employment for poor persons in all phases of the community action program.

(e) Continually ensuring that delegate agencies involve poor persons in the planning, conduct, and evaluation of delegated programs.

(f) Working for the acceptance by other public and private agencies and organizations serving the community of effective and growing involvement of the poor in the planning, conduct and evaluation of all activities which affect them and their inclusion in career jobs in the agencies.

12757. Where a community action agency places responsibility for major policy determinations with respect to the character, funding, extent, and administration of and budgeting for programs to be carried on in a particular geographic area within the community in a subsidiary board, council, or similar agency, such board, council, or

agency shall be broadly representative of the area and shall assure adequate opportunity for membership of elected public officials on such board, council, or agency.

12759. (a) For the purposes of this section, the following terms have the following meanings:

(1) "Agency" means a community action agency, limited purpose agency, or other organization that qualifies as an eligible entity pursuant to this chapter and that receives financial assistance from the total program funds, as defined in paragraph (2).

(2) "Total program funds" means the federal Community Services Block Grant funds that remain after the amount reserved pursuant to subdivision (b) is set aside.

(3) "Uncapped program," means a program that receives Community Services Block Grant funds but is not designated as a community action agency.

(b) The director shall allocate federal Community Services Block Grant funds consistent with the following principles:

(1) The historic distinction between minimum and nonminimum funded agencies and other eligible entities shall be minimized and eventually eliminated.

(2) After the target allocation point as set forth in subdivision (c) is achieved, allocation adjustments shall treat all agencies equitably and without regard to minimum funding levels.

(3) If federal Community Services Block Grant funding is reduced or increased, funds shall be allocated so as to avoid abrupt changes in current allocations.

(c) For each fiscal year, the director shall first reserve from the annual federal Community Services Block Grant all amounts that federal or state law allows or requires to be set aside for statewide activities consistent with the purposes of the Community Services Block Grant, including, but not limited to, training, technical assistance, monitoring, coordination, and administration.

(d) (1) The goal of this section is to achieve a target allocation point for each agency. The target allocation for each agency, except uncapped program agencies, shall be either two hundred fifty thousand dollars (\$250,000) or the amount the agency received from the 2005 federal Community Services Block Grant award, whichever is greater. The target allocation point for each uncapped program shall be the amount it received from the 2005 federal Community Services Block Grant award. An agency with a target allocation point equal to the amount received from the 2005 federal Community Services Block Grant award shall have its target allocation point further adjusted pursuant to paragraph (6).

(2) The director shall first assign an initial base allocation for each agency, except an uncapped program agency, that shall be equal to either one hundred seventy-three thousand five hundred fifty-six dollars (\$173,556) or the amount the agency received from the 2005 federal Community Services Block Grant award, whichever is greater. The director shall assign each uncapped program agency an initial base allocation that shall be equal to the amount the agency received from the 2005 federal Community Services Block Grant award even if it is less than one hundred seventy-three thousand five hundred fifty-six dollars (\$173,556).

(3) From the 2007 federal Community Services Block Grant, the director shall begin by allocating the initial base allocation to each agency. If the total program funds available that year are more than the amount required to fulfill the initial base allocation for all agencies, the allocation shall be adjusted pursuant to paragraph (4). If the total program funds available that year are less than the amount required to fulfill the initial base allocation, the



allocation shall be adjusted pursuant to paragraph (5).

(4) Commencing with the 2007 federal fiscal year, if there is an increase in total program funds in any federal fiscal year before the target allocation point is achieved, the additional funds shall be allocated as follows:

(A) First, each agency that is not an uncapped program agency whose prior year allocation was less than two hundred fifty thousand dollars (\$250,000) shall have its allocation increased until each of those agencies reach the target allocation point of two hundred fifty thousand dollars (\$250,000). The allocations to these agencies shall be prioritized initially to the lowest funded agencies to enable their allocations to, as much as the funding increase allows, float up toward the second lowest funded agencies, and then to this collective group of agencies to enable their allocations to float up toward the next lowest funded agencies, and so on until all of these agencies reach the target allocation point of two hundred fifty thousand dollars (\$250,000).

(B) Second, once the target allocation point of two hundred fifty thousand dollars (\$250,000) is reached pursuant to subparagraph (A), additional funds shall be allocated proportionately among each of the agencies, including uncapped program agencies whose target allocation point equals the amount the agency received from the 2005 federal Community Services Block Grant award, in order to bring its prior year allocation back up to the target allocation point if it was previously reduced pursuant to paragraph (5).

(C) Third, if there are some total program funds remaining during the same federal fiscal year when the target allocation point for all agencies is reached, the remainder shall be allocated to each agency in an amount that bears the same relationship to the total amount of the remainder as the number of persons living in households at or below the poverty level in each agency's respective service area bears to the total number of those persons living in the state, as reported in the most recent available decennial census.

(5) Commencing with the 2007 federal fiscal year, if there is a decrease in total program funds in any fiscal year before the target allocation point is reached, the reduction shall be allocated as follows:

(A) First, the reduction shall be subtracted proportionately from the prior years' allocation of each agency whose initial base allocation was greater than two hundred fifty thousand dollars (\$250,000).

(B) Second, no agency shall have its current year allocation fall below the current year allocation for any other agency where the other agency's initial base allocation was less than the first agency's allocation. If the reduction in total program funds is greater than can be absorbed among the agencies whose initial base allocations were greater than two hundred fifty thousand dollars (\$250,000), the reductions shall also be applied proportionately among any other agencies necessary to maintain this rule.

(C) Until the target allocation point is reached for all agencies, an agency that is not an uncapped program shall not have its current year allocation fall below one hundred seventy-three thousand five hundred fifty-six dollars (\$173,556). At the discretion of the director, federal Community Services Block Grant discretionary funds may be used for this purpose.

(6) If a new decennial census is reported before the target allocation point is achieved, the director shall first adjust the relative allocation among each of those agencies whose initial base allocation was equal to the amount it received from the 2005 federal Community Services Block Grant award by the percentage difference of the number of persons living in households at or below the poverty level in each agency's respective service area as compared to the number of those persons reported in previous decennial census, except

that an agency that is not an uncapped agency shall not have the adjustment pursuant to this paragraph reduce its current year allocation below the current year allocations of the lowest funded agencies pursuant to subparagraph (A) of paragraph (4). All allocations made pursuant to paragraphs (4) and (5) shall take this census-based adjustment into account.

(e) (1) Commencing with the first federal fiscal year after the target allocation point is reached, increases and decreases in total program funds for each federal fiscal year shall be proportionately allocated among all agencies relative to the prior year's allocation.

(2) When each decennial census is reported, allocations made pursuant to this subdivision shall also be adjusted by the percentage difference of the number of persons living in households at or below the poverty level in each agency's respective service area as compared to the number of these persons reported in the previous decennial census, except that an agency that is not an uncapped agency shall not have the adjustment pursuant to this subdivision reduce its current year allocation below two hundred fifty thousand dollars (\$250,000).

(f) It is the intent of the Legislature that the allocation formula specified in this section not be used as a formula for other funding distributions.

12760. Community action agencies funded under this article shall coordinate their plans and activities with other eligible entities funded under Articles 7 (commencing with Section 12765) and 8 (commencing with Section 12770) which serve any part of their communities, so that funds are not used to duplicate particular services to the same beneficiaries and plans and policies affecting all grantees under this chapter are shaped, to the extent possible, so as to be equitable and beneficial to all grantees and the populations they serve.

12761. A community action agency shall not use any funds received under this article to replace discontinued state or local funding.

12763. Notwithstanding Section 1090, a member may vote on any matters before a community development district board, as provided for in the Housing and Community Development Act of 1974 (Pub. L. 93-383), except those which have a direct bearing on services to be provided by that member (or any business or organization which that member directly represents) or which would financially benefit the member or the business or organization which the member directly represents.

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# GOVERNMENT CODE

## SECTION 12765-12768

12765. The purpose of this article is to assist migrant and seasonal farmworkers and their families to achieve a greater degree of self-sufficiency within or outside the agricultural industry, or both, including, but not limited to: skills training and increasing employment stability; economic development activities that will continue to provide grantees with revenue to provide necessary services to the farmworker poor; and program assistance services, as specified in Section 12767, with highest priority given to the support of program activities with the greatest potential for successfully promoting self-sufficiency.

12767. Programs assisted under this article may include projects or activities to do any of the following:

(a) Meet the immediate needs of migrant and seasonal farmworkers and their families, such as day care for children and elderly persons, education, health services, improved housing and sanitation, including the provision and maintenance of emergency and temporary housing and sanitation facilities, legal advice and representation, and consumer training and counseling, and assistance in processing applications for legalization and citizenship.

(b) Promote increased community acceptance of migrant and seasonal farmworkers and their families.

(c) Equip unskilled migrant and seasonal farmworkers and members of their families, as appropriate, through education, training, and developmental programs to meet the changing demands in agricultural employment brought about by technological advancement and economic exigencies, and to take advantage of opportunities available to improve their well-being and self-sufficiency by gaining regular or permanent employment or by participating in available federally assisted employment or training programs.

(d) Provide such other services as are permissible under Section 12745 with specific focus on the needs of migrant and seasonal farmworkers and their families.

12768. Migrant and seasonal farmworker program grantees shall coordinate their plans and activities with other grantees funded by the department to avoid duplication of services and to maximize services for all eligible beneficiaries.

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# GOVERNMENT CODE

## SECTION 12770-12773

12770. (a) The purpose of this article is to set aside funds for assisting American Indians and Alaskan Natives residing in off-reservation and reservation areas of this state to achieve a greater degree of self-sufficiency through the principles of community self-help.

(b) Allocation of funds under this article shall be consistent with the sovereign legal status of federally recognized tribes as dependent nations within the United States, consistent with the specific rights accorded other tribes and tribal organizations by the federal government and consistent with the fiduciary responsibilities of the United States government for Indian people.

Tribes shall be entitled to receive a share of the total funds made available pursuant to this article which is commensurate with the number of low-income American Indians and Alaskan Natives residing in their reservation areas.

(c) Off-reservation American Indian programs shall be entitled to receive a share of the total funds made available pursuant to this article which is commensurate with the number of low-income American Indians and Alaskan Natives residing in the off-reservation areas and shall be consistent with and cognizant of the needs of off-reservation American Indians and Alaskan Natives residing in this state.

12771. These set-aside funds shall be used to implement programs consistent with the purposes of this chapter and as are permissible under Section 12745 with specific focus on the special needs of American Indians and Alaskan Natives and their families.

12772. American Indian grantees shall be limited to tribes and other Indian organizations in urban or rural off-reservation areas who demonstrate community governance, such as Indian nonprofit organizations, who meet the criteria of eligible entity as defined in subdivision (e) of Section 12730. In a county having a population of over 7,000,000 persons, the County Community Action Agency may serve as the grantee if (1) requested to serve in this capacity by a commission composed of representatives of American Indian beneficiaries in that county and (2) the board of supervisors of the county shares grant allocation authority with an appropriate American Indian entity. American Indian programs funded under this article shall coordinate their plans and activities with other grantees funded by the department to avoid duplication of services and to maximize services for eligible beneficiaries.

12773. American Indian grantees funded by the department and operating under authority of this chapter in the prior program year shall have the same protections against defunding as defined in subdivision (e) of Section 12736.

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# GOVERNMENT CODE

## SECTION 12775-12776

12775. (a) "Limited purpose agency" means a private nonprofit organization or public agency which in federal fiscal year 1981 received direct funding under Section 221 or 222 of the federal Economic Opportunity Act of 1964 from Region IX of the Community Services Administration, and has operated continuously as a limited purpose agency since 1981.

(b) Limited purpose agencies shall provide such services as are permissible under Section 12745, with specific focus on training, technical assistance, special support programs, or other activities serving eligible beneficiaries.

(c) Limited purpose agencies which are grantees under this article shall comply with appropriate administrative and fiscal requirements of this chapter as a condition of remaining an entity eligible for funding.

(d) Limited purpose agencies funded by the department and operating under authority of this chapter in the prior program year shall have the same protections against defunding as defined in subdivision (e) of Section 12736.

12776. Limited purpose agencies funded under this article shall coordinate their plans and activities with other grantees funded by the department to avoid duplication of services and to maximize services for all eligible beneficiaries.

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# GOVERNMENT CODE

## SECTION 12780-12781

12780. The powers and responsibilities of the department as the state administering agency for the California Community Services Block Grant Program are to ensure that all applicable federal requirements of Subtitle B of Title VI of Public Law 97-35, as amended, are met and the administrative requirements of this program are clear and uniform, and provide adequate safeguards for the due process rights of grantees and beneficiaries.

12781. The department shall have the following duties:

(a) Development of an orderly grant application process culminating in a prescribed statement of grant action.

(b) Ensuring that grantees will have a timely cash flow within the guidelines of the federal Cash Management Improvement Act of 1990 (P.L. 101-453), as amended. The department shall issue to each grantee an advance payment at the beginning of the contract period equal to 25 percent of the grantee's total contract amount. Payments thereafter shall be equal to expenditures reported on the grantee's financial progress reports, not to exceed the grantee's total contract amount.

(c) Promulgation of uniform grants management standards to include:

(1) Standards for fiscal control and fund accounting that do all of the following:

(A) Require new grantees to be certified by an accountant prior to receiving funding.

(B) Require periodic financial reporting to the office and an annual audit.

(C) Permit a defined range of flexibility from approved budgets and the use of negotiated indirect costs rates.

(D) For the purpose of administrative expenditures, permit a grantee to use funds allocated under this chapter in an amount not to exceed 12 percent of its total operating funds.

(E) Limit the use of funds for construction, as required by federal law.

(2) Minimum standards for procurement to prevent conflict of interest or malfeasance.

(3) Standards regarding property that provide that title to property purchased with funds granted under this chapter or with funds formerly granted pursuant to the federal Economic Opportunity Act of 1964 (Chapter 34 (commencing with Section 2701) of Title 42 of the United States Code) shall vest in the grantee, subject to conditions requiring prudent property management and the provision for disposition of the property among other grantees in the event of closeout.

(4) Standards for termination of financial assistance to a grantee, or revocation of the recognition of a community action agency, for failure to comply with this chapter. The department may suspend or reduce any funding provided to a grantee under this chapter forthwith, if the department finds there is evidence of fraud or illegal use of funds. In the case of substantial noncompliance with the terms and conditions of the statement of grant action or contract, the department may suspend or reduce funding provided under this chapter after giving the grantee 15 days' written notice.

(5) Standards for withholding recognition of a newly designated community action agency when the director determines that the

designated entity does not meet the requirements of this chapter.

(d) Promulgation of regulations pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), and Chapter 5 (commencing with Section 11500), of Part 1) that are necessary and appropriate for the effective administration of this chapter. These regulations shall clearly define all of the following:

(1) The due process rights, including notification, right of appeal, and opportunity for a fair hearing, of grantees, and the procedures to be followed in order to guarantee those rights, in cases of denial of refunding, suspension or termination of funding, or revocation of designation by the department.

(2) The obligation of grantees to provide a fair procedure for clients denied services by grantees.

(3) The requirement that community action agencies select tripartite boards that include persons who represent the poor. These regulations shall ensure that democratic procedures are fully operative and may include criteria for tenure, geographic representation, and election procedures.

(e) Establishment of procedures for orderly closeout of terminated grantees.

(f) Monitoring and periodic evaluation of grantees, using evaluation methods and standards that have been published prior to the evaluation and that provide grantees an opportunity to respond to evaluation findings.

(g) Development of standards to ensure grantees' compliance with federal requirements for public access to records, prohibition of partisan political activities, and nondiscrimination.

(h) Establishment of policies and procedures that ensure freedom of information.

(i) Fostering cooperation among grantees, including providing opportunities for grantees to work together and publishing a directory, that shall be periodically updated, of all grantees under this program and the Low-Income Home Energy Assistance Program (Subchapter II (commencing with Section 8621) of Chapter 94 of Title 42 of the United States Code).

(j) Establishment of procedures for the allocation of the funds available pursuant to subdivision (c) of Section 12759.

(k) Identification and encouragement of linkages with other state departments, local governments or private groups that oversee programs providing resources for low-income persons in order to coordinate existing efforts to overcome poverty.

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# GOVERNMENT CODE

## SECTION 12785-12787

12785. All Community Services Block Grant funds made available by the Congress shall be used by the state, together with any state funds as may from time to time be appropriated for this program, and any funds as may be transferred to this program from other federal block grants, in accordance with the annual Budget Act.

No transfer of funds is permitted, under any circumstance, from the California Community Services Block Grant Program to any other block grant or program administered by the state or by the federal government.

If diminished federal appropriations for the Community Services Block Grant result in California's share for any fiscal year being reduced by any amount up to 3.5 percent below the amount of the federal appropriation from the prior year, the director shall use the discretionary fund to proportionately restore Community Services Block Grant grantees and contractors to full funding levels.

If diminished federal appropriations for the Community Services Block Grant result in California's share for any federal fiscal year being reduced by a cumulative amount of 20 percent or more below the amount appropriated in the federal Community Services Block Grant in the 2005 federal fiscal year, the director shall convene the network of agencies receiving grant funds to determine whether changes to the allocation system should be contemplated and referred to the Legislature for consideration.

12786. The state shall set aside up to 5 percent of the total Community Services Block Grant for discretionary use for special projects, training, technical assistance, and special support programs. Entities eligible to receive these discretionary funds shall include, but not be limited to, limited purpose agencies as defined in subdivision (a) of Section 12775, and community-based nonprofit organizations without tripartite boards.

12787. Nothing in this chapter shall be construed to prohibit a grantee under Article 6 (commencing with Section 12750), 7 (commencing with Section 12765), or 8 (commencing with Section 12770), from applying for state discretionary funds, provided that no discretionary funding received by such a grantee shall be used to duplicate services funded pursuant to other provisions of this chapter.

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# GOVERNMENT CODE

## SECTION 12790

12790. This chapter shall remain in effect until the Director of Finance finds that federal Community Services Block Grant funding to the state has been terminated without provision for another program to replace Community Services Block Grant funding and files a report of that finding with each house of the Legislature, and as of the date of that filing is repealed, unless a later enacted statute, which is chaptered before that date, deletes or extends the date.

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Senate Bill No. 330

CHAPTER 46

An act to amend Sections 12085, 12085.5, 12087, 12727, 12730, 12735, 12736, 12738, 12740, 12741, 12742, 12745, 12747, 12750, 12750.1, 12750.2, 12751, 12752.1, 12753, 12754, 12756, 12759, 12760, 12761, 12763, 12768, 12772, 12773, 12776, 12780, 12781, 12785, and 12787 of, and to add Section 12758 to, the Government Code, and to repeal Section 25200 of the Welfare and Institutions Code, relating to community services.

[Approved by Governor July 12, 2007. Filed with  
Secretary of State July 12, 2007.]

LEGISLATIVE COUNSEL'S DIGEST

SB 330, Committee on Human Services. Community services programs.

Existing law establishes the Department of Community Services and Development to perform various functions, including coordinating and assisting community action agencies with respect to antipoverty and community services programs.

This bill would correct obsolete provisions in, and would make other technical changes in, existing law relating to the department and community action agencies.

*The people of the State of California do enact as follows:*

SECTION 1. Section 12085 of the Government Code is amended to read:

12085. (a) (1) Although the economic well-being of the state has progressed to a level surpassing that of any other achieved in world history, and although these benefits are widely shared throughout the state, poverty continues to be the lot of a substantial number of citizens of the state. California can achieve its full economic and social potential as a state only if every individual has the opportunity to contribute the full extent of his or her capabilities and to participate in the workings of society. The Legislature hereby declares that it is the policy of the state to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in our communities, particularly those areas of communities where poverty is an acute problem. Specifically, it is the policy of the state to assist low-income participants, including homeless individuals and families, migrants, and the elderly poor, to do all of the following:

- (A) Secure and retain meaningful employment.
- (B) Attain an adequate education.
- (C) Make better use of available income.

(D) Obtain and maintain adequate housing and a suitable living environment.

(2) It is further the policy of the state to do all of the following in assisting participants:

(A) Provide emergency assistance to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing, and employment-related assistance.

(B) Coordinate and establish linkages between governmental and other social services programs to ensure the effective delivery of those services to low-income individuals.

(C) Encourage the use of entities in the private sector of the community in efforts to ameliorate poverty.

(3) The Legislature finds that it is the purpose of this article to strengthen, supplement, and coordinate efforts to further these policies.

(b) In order to employ the resources of both the public and private sectors of the state, and to effectuate the purposes of this article, there is within the California Health and Human Services Agency, a Department of Community Services and Development.

SEC. 2. Section 12085.5 of the Government Code is amended to read:

12085.5. Any reference in any provision of law or regulation to the State Office of Economic Opportunity or the Department of Economic Opportunity shall be deemed to refer to the Department of Community Services and Development.

SEC. 3. Section 12087 of the Government Code is amended to read:

12087. The department shall have the responsibility, and is hereby vested with all necessary powers and authority to do the following:

(a) Recognize existing community action agencies, as originally defined by Section 2790 of Title 42 of the United States Code in the federal Economic Opportunity Act of 1964, and as superseded by Section 9902 of that title in the federal Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), and as further defined in Article 6 (commencing with Section 12750) of Chapter 9 of Division 3 of Title 2, and Indian tribes or tribal organizations, as the operators of programs to serve the poor in local communities, and, where the programs are of a statewide or multicounty nature, other limited purpose agencies may be considered as program operators.

(b) Apply for, administer, and oversee federal block grant funds, including, but not limited to, the Community Services Block Grant and the Low-Income Home Energy Assistance Program, and other public and private funds designed to support antipoverty programs in the state that are not currently administered by other departments, and define and enforce programmatic performance and fiscal accountability standards for those funds.

(c) Provide funding and technical assistance, directly or through grants or contracts, to community action agencies, Indian tribes, and other agencies that operate programs of an antipoverty nature.

(d) Coordinate antipoverty efforts throughout the state, to the extent permissible under federal law, to avoid duplication, improve delivery of services, and relate programs to one another.

(e) Maintain liaison with the Office of Community Services in the federal Department of Health and Human Services, county and city commissions on economic opportunity, citizens' groups, and all other governmental agencies engaged in economic opportunity or community service programs, or both.

(f) Collect and assemble pertinent information and data available from other agencies of the state and federal governments and disseminate information in the interests of community services programs in the state by publication, advertisement, conference, workshops, programs, lectures, and other means.

(g) Plan and evaluate long-range and short-range strategies for overcoming poverty in the state.

(h) Mobilize public and private resources in support of antipoverty and community services programs.

(i) Encourage participation by residents of poor communities in the development and operation of community action programs for their betterment.

(j) Advise the Governor of his or her responsibilities under the Economic Opportunity Program (Chapter 34 (commencing with Section 2701) of Title 42 of the United States Code) and the Community Services Block Grant Program (Chapter 106 (commencing with Section 9901) of Title 42 of the United States Code), as well as any other federal law enacted with respect to meeting the needs of the poor.

(k) Measure and evaluate, directly or through grants or contracts, the impact of this article and other poverty-related programs authorized by law, in order to determine the effectiveness of the programs in achieving stated goals, impact on related programs, and the structure and mechanisms for the delivery of services. All the offices under the executive branch shall cooperate and provide the necessary information to the director, upon his or her request, to achieve the purposes of this subdivision.

(l) Promulgate regulations and negotiate and execute contracts necessary or convenient for the exercise of its responsibilities, powers and functions, and to ensure that federal and state standards of programmatic performance and fiscal accountability are met.

SEC. 4. Section 12727 of the Government Code is amended to read:

12727. All activities of the California Community Services Block Grant Program eligible entities shall have the following basic and specific purposes:

(a) The basic purpose of this chapter is to stimulate an effective concentration of all available local, state, private, and federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, in rural and urban areas to attain the skills, knowledge, and motivations and to secure the opportunities needed for them to become fully self-sufficient.

(b) The specific purposes of this chapter are to promote, as methods of achieving an effective concentration of resources on the goal of individual and family self-sufficiency, the following:

(1) The strengthening of community capabilities for planning and coordinating federal, state, private, and other assistance related to the elimination of poverty, so that this assistance, through the efforts of local officials, organizations, and interested and affected citizens, can be made more responsive to local needs and conditions.

(2) The coherent organization of a range of services related to the needs of the poor, so that these services may be made more effective and efficient in helping families and individuals to overcome poverty-related problems in a way that takes into account, and supports, their progress in overcoming identified causes of poverty.

(3) The implementation, subject to adequate evaluation, of new types of services and innovative approaches toward eliminating causes of poverty, so as to develop increasingly effective methods of employing available resources.

(4) Maximum feasible participation of members of the groups and residents of the low-income areas to be served by programs and projects in the development and implementation of those programs and projects, in order to assure that all programs and projects are meaningful to, and widely utilized by, their intended beneficiaries.

(5) The broadening of the resource base directed towards the elimination of poverty, so as to secure, in addition to the services and assistance of public officials, private religious, charitable, and neighborhood organizations, and individual citizens, a more active role for business, labor, and professional groups able to provide employment opportunities or otherwise influence the quantity and quality of services of concern to the poor.

(c) It is the finding of the Legislature that these state purposes and the intent of the federal Community Services Block Grant will best be served by enacting the program policies and requirements contained in this chapter.

SEC. 5. Section 12730 of the Government Code is amended to read:

12730. For the purposes of this chapter, the following definitions apply:

(a) "Community Services Block Grant" refers to the federal funds and program established by the federal Community Services Block Grant Program in the Omnibus Budget Reconciliation Act of 1981, as contained in Public Law 97-35, as that law has been amended from time to time and as currently codified as Section 9901 et seq. of Title 42 of the United States Code.

(b) "Contract" means the written document incorporating the terms and conditions under which the department agrees to provide financial assistance to an eligible entity. Upon its cosigning by authorized agents of the department and the eligible entity, and subsequent approval by the Department of General Services pursuant to Section 10295 of the Public Contract Code, a contract shall be deemed to be valid and enforceable.

(c) "Director" means the Director of Community Services and Development.

(d) "Delegate agency" or "subcontractor" means a private nonprofit organization or public agency that operates one or more projects funded under this chapter pursuant to a contractual agreement with an eligible entity.

(e) "Department" means the Department of Community Services and Development established pursuant to Article 8 (commencing with Section 12085) of Chapter 1.

(f) "Designation" means the formal selection of a proposed community action agency by the director, as provided in Section 12750.1.

(g) "Eligible entity" means an agency or organization, as defined in Section 9902 of Title 42 of the United States Code, as amended, and may include a private nonprofit organization or public agency that operates one or more projects funded under this chapter pursuant to a contract with the department.

(h) "Eligible beneficiaries" means all of the following:

(1) All individuals living in households with incomes not to exceed the official poverty line according to the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services, as defined in Section 9902 of Title 42 of the United States Code, as amended.

(2) All individuals eligible to receive Temporary Assistance for Needy Families under the state's plan approved under Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and (Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code) or assistance under Part A of Title IV of the Social Security Act (42 U.S.C. Sec. 601 et seq.).

(3) Residents of a target area or members of a target group having a measurably high incidence of poverty and that is the specific focus of a project financed under this chapter.

(i) "Financial assistance" means money provided by the department to an eligible entity, pursuant to an approved contract, in order to enable the eligible entity to accomplish its planned and approved work program.

(j) "Political subdivision" shall generally be deemed to mean county government, with the following exceptions:

(1) In any county that, prior to October 1, 1981, had more than one designated community action agency, each unit of local government that contained a designated community action agency shall continue to operate as a "political subdivision" under this chapter.

(2) Any county having fewer than 50,000 population according to the most recent census available may be deemed by the department to be part of a larger "political subdivision" comprising two or more counties if the department determines that to do so would best serve the purposes of this chapter, and may participate in the designation process for a multicounty community action agency.

(k) "Secretary" means the Secretary of the United States Department of Health and Human Services.

(l) "Standards of effectiveness" are the general standards, derived from the purposes of this chapter and the assurances and certifications made by

the state to the secretary in the state plan, as further stated in subdivision (g) of Section 12745, and as they may be more specifically defined in regulation, toward which all programs and projects funded under this chapter shall be directed and against which they will be assessed.

(m) "State plan" means the plan required to be submitted to the secretary to secure California's allotment of Community Services Block Grant funds, which shall be prepared and reviewed pursuant to the requirements of this chapter.

(n) "Uncapped area" means any county or portion of a county for which no community action agency has been designated and recognized.

SEC. 6. Section 12735 of the Government Code is amended to read:

12735. (a) The Governor shall submit an application containing the assurances and certification required under Section 12736 to the secretary in any form the secretary may require pursuant to Section 9908 of Title 42 of the United States Code, as amended.

(b) Since under the terms of Section 9901 et seq. of Title 42 of the United States Code, as amended, the secretary may not prescribe the manner in which states shall comply with the provisions set forth in subdivision (a), it is the intent of the Legislature that California's manner of compliance shall be controlled in the first instance by this chapter, and further by the state plan and any regulations that may be promulgated by the department, pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Division 2 of Title 3.

(c) The state administering agency for the California Community Services Block Grant Program shall be the Department of Community Services and Development.

SEC. 7. Section 12736 of the Government Code is amended to read:

12736. For the purposes of Section 12735, the application shall contain assurance and certification that the state shall comply with all of the items listed below. The application shall include information as to how each assurance will be carried out.

(a) Conduct legislative hearings on the proposed use and distribution of Community Services Block Grant funds prior to the submission of each application.

(b) Use Community Services Block Grant funds as provided in Section 12745.

(c) Use not less than 90 percent of the Community Services Block Grant funds allotted to the state to make grants to eligible entities that meet the provisions of Section 9901 et seq. of Title 42 of the United States Code, as amended.

(d) Expend not more than 5 percent of the state's allotment for administrative costs at the state level.

(e) Assure that any community action agency or migrant and seasonal farmworker organization that received financial assistance in the previous fiscal year under this chapter shall not have its present or future financial

assistance terminated pursuant to this chapter unless, after notice and opportunity for hearing on the record, the department determines that cause existed for the termination, subject to review by the secretary, as provided in Sections 9908 and 9915 of Title 42 of the United States Code, as amended.

(f) Give special consideration, as defined in Section 9909(b) of Title 42 of the United States Code, in the designation of local community action agencies to any community action agency that was receiving funds under any federal antipoverty program on the date of the enactment of federal Public Law 97-35, except that the state shall, before giving special consideration, determine that the agency involved meets program and fiscal requirements established by the state. If there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, the state shall give special consideration in the designation of community action agencies to any successor agency that is operated in substantially the same manner as the predecessor agency that did receive funds in the fiscal year preceding the fiscal year for which the determination is made.

(g) Decline to avail itself of permission to transfer Community Services Block Grant funds, not to exceed 5 percent of the state's allotment, to other specified programs.

(h) Prohibit any political activities in accordance with Section 9918 of Title 42 of the United States Code, as amended.

(i) Prohibit any activities to provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration activity.

(j) Prohibit the use of funds in accordance with Section 9920(c) of Title 42 of the United States Code, as amended, and as further defined in Part 87 of Title 45 of the Code of Federal Regulations, as amended.

(k) Provide for coordination between antipoverty programs in each community, where appropriate, with emergency energy crisis intervention programs under Title XXVI of federal Public Law 97-35, as amended, (relating to low-income home energy assistance) conducted in that community.

(l) Provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for federal funds paid to the state under this chapter, including procedures for monitoring the assistance provided under this chapter, and provide that at least every year the state shall prepare, in accordance with Public Law 98-502 (Single Audit Act of 1984), as amended, an audit of expenditures under this chapter of amounts received under the Community Services Block Grant and amounts transferred to carry out the purposes of the Community Services Block Grant.

(m) Permit and cooperate with federal investigations undertaken in accordance with Public Law 97-35, as amended.

SEC. 8. Section 12738 of the Government Code is amended to read:

12738. In addition to the general powers vested in the Department of Community Services and Development by Section 12087, the department



may promulgate regulations, make grants, and enter into contracts as necessary and appropriate to carry out its responsibilities under this chapter.

SEC. 9. Section 12740 of the Government Code is amended to read:

12740. The department shall prepare a state plan for the California Community Services Block Grant Program, as required by the secretary, which shall include all of the following:

- (a) A statement of goals and objectives.
- (b) Information on the types of activities to be supported, geographic areas to be served, and categories or characteristics of individuals to be served.
- (c) The criteria and method established for the distribution of funds, including details on how the distribution of funds will be targeted on the basis of need.
- (d) A description of how the state plan for the previous program period has met the goals, objectives and needs identified in the prior state plan through the use of funds in that program period.
- (e) A description of the process by which the state plan has been developed, distributed and reviewed by both the general public, groups and individuals with an interest in the state's Community Services Block Grant Program, and the Legislature.
- (f) An explanation of how critical comment was received, reviewed, and either incorporated or rejected by the department prior to final submission of the state plan.
- (g) The department's most current information regarding the projected federal Community Services Block Grant allocation to the state.

(h) A report of current and planned expenditures of discretionary funds.

SEC. 10. Section 12741 of the Government Code is amended to read:

12741. The state's planning process shall include the following:

(a) The state plan shall identify eligible activities and the eligible entities that will conduct those activities in order to meet the general goals of the California Community Services Block Grant Program and the specific goals of the program. The plan shall, particularly with respect to subdivision (d) of Section 12740, reflect the aggregate of community action plans in order to fairly represent the most essential characteristic of the California Community Services Block Grant Program, which is its adherence to the principle of community self-help.

(b) The appropriate policy committee of the Assembly or the Senate, or both, shall conduct one or more public hearings on the proposed use and distribution of funds provided under the California Community Services Block Grant Program. Prior to the hearing, the department shall forward to the policy committees a list of the activities it has identified as statewide priorities pursuant to subdivision (e) of Section 12745, in order to notify the Legislature and the public of the issues to be addressed by the department at each hearing. The chairs of the policy committees may request additional issues to be reported on by the department. The hearings shall be conducted in such a manner as to satisfy the legislative hearing requirement of federal Public Law 97-35, as amended, and to give the Legislature an opportunity

to certify that the state plan conforms to the requirements of this chapter. At the discretion of the respective chairs, the policy committees may hold a single or joint hearing, or both, to satisfy the requirements of this section.

(c) The department shall make adjustments to the state plan as a result of public comments presented at the legislative hearing as well as written comments that are submitted to the department. The department shall identify all testimony presented by the poor, and shall state whether the concerns expressed by the testimony have been included in the plan. If any of those concerns have not been included in the plan, the department shall specify in the plan the reasons for the rejection of those concerns. Concerns shall only be rejected if there is good cause for the rejection.

(d) The committees conducting the hearings pursuant to subdivision (b) shall determine whether the concerns of the poor have been included in the state plan, as adjusted, or rejected for good cause. Before the final state plan is submitted to the secretary, the chairs of the committees conducting hearings shall certify that the state plan conforms with the requirements of this chapter.

(e) Upon receiving the certification required in subdivision (d), the department shall submit the final state plan, as required by Section 9908 of Title 42 of the United States Code, as amended, to the secretary, and shall provide a copy to all eligible entities and state legislators no more than one week thereafter.

SEC. 11. Section 12742 of the Government Code is amended to read:

12742. The current state plan may be amended by the department at any time during the program year, provided that any proposed amendments, together with the reasons therefor, are distributed to all eligible entities and state legislators for a 30-day comment period commencing at least 45 days prior to their planned date of submission to the secretary.

SEC. 12. Section 12745 of the Government Code is amended to read:

12745. (a) Eligible activities for which financial assistance may be obtained pursuant to this chapter shall be designed to have a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem. These activities shall be designed to assist low-income participants to do all the following:

- (1) Secure and retain meaningful employment.
- (2) Attain an adequate education.
- (3) Make better use of available income.
- (4) Obtain and maintain adequate housing and suitable living environment.
- (5) Obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing and employment-related assistance.
- (6) Remove obstacles and solve problems that block the achievement of self-sufficiency.
- (7) Achieve greater participation in the affairs of the community.
- (8) Address the needs of youth in low-income communities.

(9) Make more effective use of other programs related to the purposes of this chapter.

(b) Additionally, activities shall be designed to do all of the following:

(1) Provide on an emergency basis for the provision of the supplies and services, nutritious foodstuffs, and related services, as may be necessary to counteract conditions of starvation and malnutrition among the poor.

(2) Coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of those services to low-income individuals.

(3) Encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community.

(c) Each eligible entity shall, through the local planning process, select and propose for funding the programs or projects that, in its judgment, will produce the maximum impact on its community.

(d) Entities eligible for funding under Article 9 (commencing with Section 12775) are limited purpose agencies that need not respond to the broad range of eligible activities but may provide specialized training, technical assistance and support services to enhance the effectiveness of community action programs, migrant and seasonal farmworker programs, and American Indian programs.

(e) The department may prescribe statewide priorities among eligible activities or strategies that shall be considered and addressed in the local planning process and described in the community action plan submitted to the state. Each eligible entity shall be authorized to set its own program priorities in conformance to its own determination of local needs.

(f) If no other entity in the community provides those services, eligible entities under Article 6 (commencing with Section 12750), Article 7 (commencing with Section 12765), or Article 8 (commencing with Section 12770) shall provide a minimum level of services to help the poor receive the benefits for which they are eligible under health, food, income, and housing assistance programs designed to meet the basic survival needs of the poor. These services shall include, but shall not be limited to, all of the following:

(1) A service to help the poor complete the various required application forms, and, when necessary and possible, to help them gather verification of the contents of completed applications.

(2) A service to explain program requirements and client responsibilities in programs serving the poor.

(3) A service to provide transportation, when necessary and possible.

(4) A service that does all things necessary to make the programs accessible to the poor, so that they may become self-sufficient.

(g) Standards of effectiveness to be addressed and attained in setting goals and assessing accomplishments are:

(1) Strengthened community capabilities for planning and coordinating so as to insure that available assistance related to the elimination of poverty can be more responsive to local needs and conditions.

(2) Better organization of services related to the needs of the poor.

(3) Maximum feasible participation of the poor in the development and implementation of all programs and projects designed to serve the poor.

(4) Broadened resource base of programs directed to the elimination of poverty so as to include all elements of the community able to influence the quality and quantity of services to the poor.

(5) Greater use of new types of services and innovative approaches in attacking causes of poverty, so as to develop increasingly effective methods of employing available resources.

(6) Maximum employment opportunity, including opportunity for further occupational training and career development for residents of the area and members of the groups served.

(7) Those programmatic and fiscal standards set by the department through regulation that are necessary to enable the department to demonstrate the assurances and certifications it makes to the secretary in the state plan.

(h) In administering the California Community Services Block Grant Program, the department shall enforce all the programmatic and fiscal requirements and standards of effectiveness provided by this chapter, except that no eligible entity shall be determined to be out of compliance with programmatic or fiscal requirements established by the department until those requirements and standards are published for review and comment by the eligible entities and until eligible entities are afforded a reasonable opportunity to comply therewith.

SEC. 13. Section 12747 of the Government Code is amended to read:

12747. (a) Community action plans shall be developed by eligible entities as required by the secretary and the director using processes that assess poverty-related needs, available resources, and feasible goals and strategies, and that yield program priorities consistent with standards of effectiveness established for this program. Community action plans shall identify eligible activities to be funded in the program service areas and the needs that each activity is designed to meet. Community action plans shall provide for the contingency of reduced federal funding.

(b) All eligible entities shall submit their grant applications, including local plan and report of the public hearing, if required, to the department no later than June 30 of each year.

(c) Each eligible entity not serving a statewide area shall conduct a local public hearing for the purpose of reviewing the local plans of all eligible entities located or operating within a political subdivision served or proposed to be served pursuant to this chapter.

(d) Eligible entities holding hearings pursuant to this article shall identify all testimony presented by the poor, and shall determine whether the concerns expressed by that testimony have been addressed in the plan. If the agency determines that any of these concerns have not been included in the plan, it shall specify in its response to the plan information about those concerns and comment as to their validity.

SEC. 14. Section 12750 of the Government Code is amended to read:

12750. (a) A community action agency shall be a public or private nonprofit agency that fulfills all of the following requirements:

(1) Has been designated by the director to operate a community action program.

(2) Has a tripartite board structure meeting the requirements of Section 12751.

(3) Has the power, authority, and capability to plan, conduct, administer, and evaluate a community action program, including the power to enter into contracts with other public and private nonprofit agencies and organizations to assist in fulfilling the purposes of this chapter.

(b) A community action program is a locally planned and operated program comprising a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem.

(c) Component services and activities of a community action program may be administered directly by the community action agency, or by other agencies pursuant to delegation or subcontractual agreements with the eligible entity. They may be projects eligible for assistance under this chapter, or projects assisted from other public or private sources, and they may be either specially designed to meet local needs, or designed pursuant to the eligibility standards of the state or federal program providing assistance to a particular kind of activity that will help in meeting those needs.

(d) For the purpose of this chapter, a community may be a city, county, multicounty or multicounty unit, that provides a suitable organizational base and possesses the commonality of interest needed for a community action program.

SEC. 15. Section 12750.1 of the Government Code is amended to read:

12750.1. (a) No new community action agency may be designated by the director for a political subdivision that is served by an existing community action agency unless any of the following exist:

(1) The political subdivision is informed in writing by the director that the existing community action agency has failed to comply, after having a reasonable opportunity to do so, with the requirements of this chapter, subject to paragraph (5) of subdivision (c) of Section 12781.

(2) The political subdivision is informed by its existing community action agency that because of changes in assistance furnished to programs to economically disadvantaged persons it can no longer operate a satisfactory community action program.

(3) The director is petitioned by significant numbers of eligible beneficiaries to reconsider its existing designation and, based on that reconsideration, determines to designate an alternate community action agency.

(b) In the event that the designation of an existing community action agency is revoked, the director shall designate a new community action agency within a period of 90 days after the effective date of the revocation, subject to Section 12750.2.

(c) New community action agency designations may be made in political subdivisions or combinations of political subdivisions in a county or portion thereof for which no community action agency has been designated provided

that the community to be served has a population of at least 50,000, as determined by the Bureau of Census from the most recent available census or survey. The director may waive the general requirement that the community to be served have a population of at least 50,000 in those instances where no practical grouping of contiguous political subdivisions can be made in order to meet that requirement.

(d) A private nonprofit agency that serves a political subdivision or combination of political subdivisions having more than 50,000 population shall be entitled to petition the department for state designation as a community action agency, provided it has a governing board meeting community action agency requirements and has the capability to plan, conduct, administer, and evaluate a community action program.

SEC. 16. Section 12750.2 of the Government Code is amended to read:

12750.2. For purposes of serving any area of the state in which community action programs cease to be provided, the director shall designate an organization in accordance with Section 9909 of Title 42 of the United States Code, as amended, and through a process that shall include all of the following:

(a) Notice of intent to designate.

(b) Request for proposals by any political subdivision or by any other qualified organization that can demonstrate adequate representation of low-income individuals in the development, planning, implementation, and evaluation of the community action program.

(c) Invitation to the political subdivision to participate in the review of the proposals.

SEC. 17. Section 12751 of the Government Code is amended to read:

12751. Each community action agency shall have a board of directors conforming to the following requirements:

(a) One-third of the members of the board are elected public officials, currently holding office, or their representatives, except that if the number of elected officials reasonably available and willing to serve is less than one-third of the membership of the board, membership on the board of appointive public officials may be counted in meeting this requirement.

(b) At least one-third of the members are persons chosen in accordance with democratic selection procedures outlined in regulations promulgated by the department to assure that the members represent the poor and reside in the area served.

(c) The remainder of the members are officials or members of business, industry, labor, religious, human services, education, or other major groups and interests in the community.

SEC. 18. Section 12752.1 of the Government Code is amended to read:

12752.1. (a) If a political subdivision or local government is designated as a community action agency, it shall do all of the following:

(1) Establish a tripartite advisory or administering board to provide input to the political subdivision or local government regarding the activities of the community action agency.

(2) Share with its tripartite board the determination of the community action agency's program plans and priorities.

(3) Provide for the participation of the tripartite board in the selection of the executive director of the community action agency, unless prohibited by local law, city charter, or civil service procedure.

(b) The political subdivision or local government may, consistent with general and local law, delegate any or all of the following powers to the tripartite board:

(1) To determine its own rules and procedures and to select its own officers and executive committee.

(2) To determine, subject to the ratification of designating officials, the community action agency's major personnel, organizational, fiscal, and program policies.

(3) To approve, subject to the ratification of designating officials, all program proposals, budgets and subcontractor agreements.

(4) To oversee the extent and the quality of the participation of the poor in the programs of the community action agency.

SEC. 19. Section 12753 of the Government Code is amended to read:

12753. (a) Each community action agency shall adopt procedures to provide a continuing and effective mechanism for securing broad community involvement in programs assisted under this act and for ensuring that all groups or elements represented on the tripartite board have a full and fair opportunity to participate in decisions affecting those programs.

(b) Community action agencies shall establish procedures under which community agencies and representative groups of the poor that feel themselves inadequately represented on the tripartite board may petition for adequate representation.

SEC. 20. Section 12754 of the Government Code is amended to read:

12754. In exercising its powers and carrying out its overall responsibility for a community action program, a community action agency shall have, subject to the purposes of this chapter, at least the following functions:

(a) Planning systematically for and evaluating the program, including actions to develop information as to the problems and causes of poverty in the community, determine how much and how effectively assistance is being provided to deal with those problems and causes, and establish priorities among projects, activities, and areas as needed for the best and most efficient use of resources.

(b) Encouraging agencies engaged in activities related to the community action program to plan for, secure, and administer assistance available under this chapter or from other sources on a common or cooperative basis; providing planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertaking actions to improve existing efforts to overcome poverty.

(c) Initiating and sponsoring projects responsive to needs of the poor that are not otherwise being met.

(d) Establishing effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting

their interests, providing for their regular participation in the implementation of those programs, and providing technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources.

(e) Joining with and encouraging business, labor, and other private groups and organizations to undertake, together with public officials and agencies, activities, in support of the community action program that will result in the additional use of private resources and capabilities, with a view to things such as developing new employment opportunities, stimulating investment that will have a measurable impact in reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

SEC. 21. Section 12756 of the Government Code is amended to read:

12756. Every community action agency has a fundamental responsibility to encourage, assist, and strengthen the ability of the poor in the areas served by the community action agency to play major roles in the organization; program planning; goal setting; determination of priorities; decisions concerning budgeting and financial management; key decisions concerning hiring of personnel, selection criteria, personnel policies, and career development programs; and evaluation of programs affecting their lives. The fundamental responsibility of the community action agency includes all of the following:

(a) Seeking and bringing about ways to improve its own effectiveness as a channel through which the poor, local government, and private groups can communicate, plan, and act together in partnership. In that partnership, the poor shall have a strong voice or role, both directly and through representatives whom they have chosen.

(b) Providing the representatives of the poor serving on the tripartite board of the community action agency with the tools and the support, including guidance, training, and staff assistance, that will permit them to participate meaningfully in the affairs of the community action agency, and in all of its programs and subcontractor agencies.

(c) Encouraging the development of effective local organizations established and controlled by residents of poor neighborhoods and areas. Community action agencies are expected to provide training, technical assistance, and staff resources to enable the poor to develop, administer, and participate effectively in local area programs and to enter into the broader community discussion of problems and solutions relating to poverty.

(d) Providing employment for poor persons in all phases of the community action program.

(e) Continually ensuring that subcontractor agencies involve poor persons in the planning, conduct, and evaluation of subcontracted programs.

(f) Working for the acceptance by other public and private agencies and organizations serving the community of effective and growing involvement of the poor in the planning, conduct, and evaluation of all activities that affect them and their inclusion in career jobs in the agencies.



SEC. 22. Section 12758 is added to the Government Code, to read:

12758. (a) All Community Services Block Grant funds made available by Congress shall be used by the state, together with any state funds as may from time-to-time be appropriated for this program, and any funds as may be transferred to this program from other federal block grants, in accordance with the annual Budget Act.

(b) No transfer of funds is permitted, under any circumstance, from the California Community Services Block Grant Program to any other block grant or program administered by the state or by the federal government.

SEC. 23. Section 12759 of the Government Code is amended to read:

12759. (a) For the purposes of this section, the following terms have the following meanings:

(1) "Agency" means a community action agency, limited purpose agency, or other organization that qualifies as an eligible entity pursuant to this chapter and that receives financial assistance from the total program funds, as defined in paragraph (2).

(2) "Total program funds" means the federal Community Services Block Grant funds that remain after the amount reserved pursuant to subdivision (c) is set aside.

(3) "Uncapped program" means a program that serves an uncapped area, as defined in Section 12730.

(b) The director shall allocate federal Community Services Block Grant funds consistent with the following principles:

(1) The historic distinction between minimum and nonminimum funded agencies and other eligible entities shall be minimized and eventually eliminated.

(2) After the target allocation point as set forth in subdivision (c) is achieved, allocation adjustments shall treat all agencies equitably and without regard to minimum funding levels.

(3) If federal Community Services Block Grant funding is reduced or increased, funds shall be allocated so as to avoid abrupt changes in current allocations.

(c) For each fiscal year, the director shall first reserve from the annual federal Community Services Block Grant all amounts that federal or state law allows or requires to be set aside for statewide activities consistent with the purposes of the Community Services Block Grant, including, but not limited to, training, technical assistance, monitoring, coordination, and administration.

(d) (1) The goal of this section is to achieve a target allocation point for each agency. The target allocation for each agency, except uncapped program agencies, shall be either two hundred fifty thousand dollars (\$250,000) or the amount the agency received from the 2005 federal Community Services Block Grant award, whichever is greater. The target allocation point for each uncapped program shall be the amount it received from the 2005 federal Community Services Block Grant award. An agency with a target allocation point equal to the amount received from the 2005 federal Community

Services Block Grant award shall have its target allocation point further adjusted pursuant to paragraph (6).

(2) The director shall first assign an initial base allocation for each agency, except an uncapped program agency, that shall be equal to either one hundred seventy-three thousand five hundred fifty-six dollars (\$173,556) or the amount the agency received from the 2005 federal Community Services Block Grant award, whichever is greater. The director shall assign each uncapped program an initial base allocation that shall be equal to the amount the program received from the 2005 federal Community Services Block Grant award even if it is less than one hundred seventy-three thousand five hundred fifty-six dollars (\$173,556).

(3) From the 2007 federal Community Services Block Grant, the director shall begin by allocating the initial base allocation to each agency. If the total program funds available that year are more than the amount required to fulfill the initial base allocation for all agencies, the allocation shall be adjusted pursuant to paragraph (4). If the total program funds available that year are less than the amount required to fulfill the initial base allocation, the allocation shall be adjusted pursuant to paragraph (5).

(4) Commencing with the 2007 federal fiscal year, if there is an increase in total program funds in any federal fiscal year before the target allocation point is achieved, the additional funds shall be allocated as follows:

(A) First, each agency that is not an uncapped program whose prior year allocation was less than two hundred fifty thousand dollars (\$250,000) shall have its allocation increased until each of those agencies reach the target allocation point of two hundred fifty thousand dollars (\$250,000). The allocations to these agencies shall be prioritized initially to the lowest funded agencies to enable their allocations to, as much as the funding increase allows, float up toward the second lowest funded agencies, and then to this collective group of agencies to enable their allocations to float up toward the next lowest funded agencies, and so on until all of these agencies reach the target allocation point of two hundred fifty thousand dollars (\$250,000).

(B) Second, once the target allocation point of two hundred fifty thousand dollars (\$250,000) is reached pursuant to subparagraph (A), additional funds shall be allocated proportionately among each of the agencies, including uncapped program agencies whose target allocation point equals the amount the agency received from the 2005 federal Community Services Block Grant award, in order to bring its prior year allocation back up to the target allocation point if it was previously reduced pursuant to paragraph (5).

(C) Third, if there are some total program funds remaining during the same federal fiscal year when the target allocation point for all agencies is reached, the remainder shall be allocated to each agency in an amount that bears the same relationship to the total amount of the remainder as the number of persons living in households at or below the poverty level in each agency's respective service area bears to the total number of those persons living in the state, as reported in the most recent available decennial census.

(5) Commencing with the 2007 federal fiscal year, if there is a decrease in total program funds in any fiscal year before the target allocation point is reached, the reduction shall be allocated as follows:

(A) First, the reduction shall be subtracted proportionately from the prior years' allocation of each agency whose initial base allocation was greater than two hundred fifty thousand dollars (\$250,000).

(B) Second, no agency shall have its current year allocation fall below the current year allocation for any other agency when the other agency's initial base allocation was less than the first agency's allocation. If the reduction in total program funds is greater than can be absorbed among the agencies whose initial base allocations were greater than two hundred fifty thousand dollars (\$250,000), the reductions shall also be applied proportionately among any other agencies necessary to maintain this rule.

(C) Until the target allocation point is reached for all agencies, an agency that is not an uncapped program shall not have its current year allocation fall below one hundred seventy-three thousand five hundred fifty-six dollars (\$173,556). At the discretion of the director, federal Community Services Block Grant discretionary funds may be used for this purpose.

(6) If a new decennial census is reported before the target allocation point is achieved, the director shall first adjust the relative allocation among each of those agencies whose initial base allocation was equal to the amount it received from the 2005 federal Community Services Block Grant award by the percentage difference of the number of persons living in households at or below the poverty level in each agency's respective service area as compared to the number of those persons reported in previous decennial census, except that an agency that is not an uncapped program shall not have the adjustment pursuant to this paragraph reduce its current year allocation below the current year allocations of the lowest funded agencies pursuant to subparagraph (A) of paragraph (4). All allocations made pursuant to paragraphs (4) and (5) shall take this census-based adjustment into account.

(e) (1) Commencing with the first federal fiscal year after the target allocation point is reached, increases and decreases in total program funds for each federal fiscal year shall be proportionately allocated among all agencies relative to the prior year's allocation.

(2) When each decennial census is reported, allocations made pursuant to this subdivision shall also be adjusted by the percentage difference of the number of persons living in households at or below the poverty level in each agency's respective service area as compared to the number of these persons reported in the previous decennial census, except that an agency that is not an uncapped agency shall not have the adjustment pursuant to this subdivision reduce its current year allocation below two hundred fifty thousand dollars (\$250,000).

(f) It is the intent of the Legislature that the allocation formula specified in this section not be used as a formula for other funding distributions.

SEC. 24. Section 12760 of the Government Code is amended to read:

12760. Community action agencies funded under this article shall coordinate their plans and activities with other eligible entities funded under Articles 7 (commencing with Section 12765) and 8 (commencing with Section 12770) that serve any part of their communities, so that funds are not used to duplicate particular services to the same beneficiaries and plans and policies affecting all grantees under this chapter are shaped, to the extent possible, so as to be equitable and beneficial to all community agencies and the populations they serve.

SEC. 25. Section 12761 of the Government Code is amended to read:

12761. A community action agency or eligible entity shall not use any funds received under this article to replace discontinued state or local funding.

SEC. 26. Section 12763 of the Government Code is amended to read:

12763. Consistent with Section 1090, no Member of the Legislature, or any state, county, district, judicial district, or city officer or employee who also serves on a tripartite board shall vote on a contract or other matter before a tripartite board, that would have a direct bearing on services to be provided by that member, officer, or employee, or any business or organization which that member, officer, or employee directly represents or that would financially benefit that member, officer, or employee, or the business or organization that the member, officer, or employee directly represents.

SEC. 27. Section 12768 of the Government Code is amended to read:

12768. Migrant and seasonal farmworker entities funded by the department shall coordinate their plans and activities with other eligible entities funded by the department to avoid duplication of services and to maximize services for all eligible beneficiaries.

SEC. 28. Section 12772 of the Government Code is amended to read:

12772. American Indian entities funded by the department shall be limited to tribes and other Indian organizations in urban or rural off-reservation areas who demonstrate community governance, such as Indian nonprofit organizations, who meet the criteria of eligible entity, as defined in subdivision (g) of Section 12730. In a county having a population of over 7,000,000 persons, the County Community Action Agency may serve as the eligible entity if (a) requested to serve in this capacity by a commission composed of representatives of American Indian beneficiaries in that county, and (b) the board of supervisors of the county shares grant allocation authority with an appropriate American Indian entity. American Indian programs funded under this article shall coordinate their plans and activities with other eligible entities funded by the department to avoid duplication of services and to maximize services for eligible beneficiaries.

SEC. 29. Section 12773 of the Government Code is amended to read:

12773. American Indian entities funded by the department and operating under authority of this chapter in the prior program year shall have the same protections against defunding, as defined in subdivision (e) of Section 12736.

SEC. 30. Section 12776 of the Government Code is amended to read:

12776. Limited purpose agencies funded under this article shall coordinate their plans and activities with other eligible entities funded by the department to avoid duplication of services and to maximize services for all eligible beneficiaries.

SEC. 31. Section 12780 of the Government Code is amended to read:

12780. The powers and responsibilities of the department as the state administering agency for the California Community Services Block Grant Program are those necessary to do all of the following:

(a) Ensure that all applicable federal requirements of Subtitle B of Title VI of Public Law 97-35, as amended, are met.

(b) Define and enforce state standards of programmatic performance and fiscal accountability, including, but not limited to, any assurances that the state makes in its state plan.

(c) Promulgate regulations and execute grants and contracts necessary or convenient for the exercise of its responsibilities, powers, and functions under the Community Services Block Grant.

(d) Ensure that the administrative requirements of this program are clear and uniform.

(e) Provide adequate safeguards for the due process rights of eligible entities and beneficiaries.

SEC. 32. Section 12781 of the Government Code is amended to read:

12781. The department shall have the following powers and duties:

(a) Development of an orderly grant application process culminating in a prescribed contract.

(b) Ensuring that eligible entities will have a timely cashflow within the guidelines of the federal Cash Management Improvement Act of 1990 (P.L. 101-453), as amended. The department shall issue to each eligible entity an advance payment at the beginning of the contract period equal to 25 percent of the eligible entity's total contract amount. Payments thereafter shall be equal to expenditures reported on the eligible entity's financial progress reports, not to exceed the eligible entity's total contract amount.

(c) Promulgation of uniform contracts management standards to include:

(1) Standards for fiscal control and fund accounting that do all of the following:

(A) Require new eligible entities to be certified by an accountant prior to receiving financial assistance.

(B) Require periodic financial reporting to the office and an annual audit.

(C) Permit a defined range of flexibility from approved budgets and the use of negotiated indirect costs rates.

(D) For the purpose of administrative expenditures, permit an eligible entity to use funds allocated under this chapter in an amount not to exceed 12 percent of the total operating funds of its community action program.

(E) Limit the use of funds for construction, as required by federal law.

(2) Minimum standards for procurement to prevent conflict of interest or malfeasance.

(3) Standards regarding property that provide that title to property purchased with funds granted under this chapter or with funds formerly

granted pursuant to the federal Economic Opportunity Act of 1964 (Chapter 34 (commencing with Section 2701) of Title 42 of the United States Code) shall vest in the grantee, subject to conditions requiring prudent property management and the provision for disposition of the property among other eligible entities in the event of closeout.

(4) Procedures for the withholding of payments or recovery of moneys where the underlying cost expenditures or obligations claimed by the eligible entity are disallowed.

(5) Standards for termination or reduction of financial assistance to an eligible entity, or revocation of the designation of a community action agency, for failure to comply with this chapter. The department may terminate or reduce any financial assistance provided to an eligible entity under this chapter forthwith, if the department finds there is evidence of fraud or illegal use of funds. The department also may terminate or reduce any financial assistance to an eligible entity, if the department determines that "cause," as defined in Section 9908(c) of Title 42 of the United States Code, as amended, exists and after providing notice and an opportunity for a hearing on the record, subject to review by the secretary consistent with Section 9915 of Title 42 of the United States Code, as amended.

(d) Promulgation of regulations pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), and Chapter 5 (commencing with Section 11500), of Part 1) that are necessary and appropriate for the effective administration of this chapter. At a minimum these regulations shall clearly define all of the following:

(1) The due process rights, including notification, right of appeal, and opportunity for a fair hearing, of eligible entities, and the procedures to be followed in order to guarantee those rights, in cases of denial of refunding, suspension, reduction, or termination of funding, or revocation of designation by the department.

(2) The obligation of eligible entities to provide a fair procedure for clients denied services by eligible entities.

(3) The requirement that community action agencies select tripartite boards that include persons who represent the poor. These regulations shall ensure that democratic procedures are fully operative and may include criteria for tenure, geographic representation, and election procedures.

(e) Establishment of procedures for orderly closeout of terminated entities.

(f) Monitoring and periodic evaluation of eligible entities, using evaluation methods and standards that have been published prior to the evaluation and that provide eligible entities an opportunity to respond to evaluation findings.

(g) Development of standards to ensure compliance by eligible entities with federal and state requirements for public access to records, prohibition of partisan political activities, and nondiscrimination.

(h) Establishment of policies and procedures that ensure freedom of information.

(i) Fostering cooperation among community action agencies, including providing opportunities for community action agencies to work together and publishing a directory, that shall be periodically updated, of all grantees under this program and the Low-Income Home Energy Assistance Program (Subchapter II (commencing with Section 8621) of Chapter 94 of Title 42 of the United States Code).

(j) Establishment of procedures for the allocation of the funds available pursuant to subdivision (c) of Section 12759.

(k) Identification and encouragement of linkages with other state departments, local governments or private groups that oversee programs providing resources for low-income persons in order to coordinate existing efforts to overcome poverty.

SEC. 33. Section 12785 of the Government Code is amended to read:

12785. (a) If diminished federal appropriations for the Community Services Block Grant result in California's share for any fiscal year being reduced by any amount up to 3.5 percent below the amount of the federal appropriation from the prior year, the director shall use the discretionary fund to proportionately restore entities eligible for the Community Services Block Grant to full funding levels.

(b) If diminished federal appropriations for the Community Services Block Grant result in California's share for any federal fiscal year being reduced by a cumulative amount of 20 percent or more below the amount appropriated in the federal Community Services Block Grant in the 2005 federal fiscal year, the director shall convene the network of agencies receiving grant funds to determine whether changes to the allocation system should be contemplated and referred to the Legislature for consideration.

SEC. 34. Section 12787 of the Government Code is amended to read:

12787. Nothing in this chapter shall be construed to prohibit an eligible entity under Article 6 (commencing with Section 12750), Article 7 (commencing with Section 12765), or Article 8 (commencing with Section 12770), from applying for state discretionary funds, provided that no discretionary funding received by the eligible entity shall be used to duplicate services funded pursuant to other provisions of this chapter.

SEC. 35. Section 25200 of the Welfare and Institutions Code is repealed.